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HARVARD

RRC NEWSLETTER

RUSSIAN RESEARCH CENTER

April 1, 1986
Volume X, Number 8

INDUSTRIAL PRODUCTION FIGURES

Product	Feb 1986	% Feb 1986 over 1985
Electricity (bil.kw.hrs)	141	104
Petroleum (inc. gas condensate) (mil.tons)	46.3	101
Natural Gas (bil.cu.mtrs)	53.7	107
Coal(mil.tons)	62.1	106
Steel (mil.tons)	12.5	111
Fertilizer (mil.tons)	2.7	116
Metal-cutting tools (mil. rubles)	234	114
Robots (in thousands)	1.1	142
Computer Technology (mil. rubles)	375	123
Tractors (mils.)	4.5	105
Paper (mil. tons)	0.5	113
Cement (mil. tons)	10.3	111
Meat(mil. tons)	0.8	113
Margerine (1000 tons)	129	105
Watches(mils.)	5.7	108
Radios(1000s.)	730	106
Television sets (1000s)	775	106
Automobiles (1000s)	108	101

INDUSTRIAL GROWTH CONTINUES IN FEBRUARY

Gorbachev continues to work his magic. Industrial production in February grew at rates that were reminiscent of the good old days under Khrushchev and even Stalin. As a look at the table indicates, production was up in every sector. Again, that may be due in part to the fact that February 1986 was not as cold as February 1985. More likely however, it is due to the pressure that Gorbachev is supplying in terms of discipline, the crackdown on corruption, and as we have mentioned so many times before, the drive against alcoholism.

Again, most notably, oil production rose. It rose 1.3% on a February to February basis, and a 1.0% increase for the two month period. In the Soviet view, that is still way below the designated plan, but it does, as did the results for January, suggest that the drop in production has been halted, at least temporarily.

If the Soviets can continue at this rate, overall production for the year will be back up to 600 million tons or 50 million barrels a day.

Admittedly, the gain in production in the petroleum industry pales in comparison with some of the other results. For example,

coal production for the two months was up 6% and steel was up 11%. That clearly is reminiscent of the old days of Stalin. Similarly, meat production was up 13%.

Again, these figures are much less meaningful, but the Soviets report that overall industrial production for the first two months of 1986 was up 7.3%, compared to the year earlier, and labor productivity was 6.9%.

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LIVESTOCK HERDS

The livestock herd seems to have improved a bit, except for the cow population, which is now 2% behind what it had been a year ago. As of February 1, it was down only 1.4%.

LIVESTOCK HERDS (Millions)

	Mar 1 1985	Mar 1 1986	1986 as % of 1985
Cattle	95.2	94.7	99.5%
Cows	29.5	29	98%
Hogs	58.5	59.1	101.%
Sheep & Goats	122.4	121.4	99%
Chickens	734	752.6	102.9%

FINAL CORPORATE SPONSOR SEMINAR OF THE YEAR

The final Corporate Sponsor seminar of the year will take place on Monday, May 5th. The focus of this conference will be negotiation with the Soviets. Copies of the program and application form are included in this month's newsletter. This program is being organized by two of our Mid-Career fellows, Charalambos Vlachoutsikos and Lee Kjelleren. There is also the possibility that we will have a supplemental evening session which will be addressed by someone from the Soviet Union. We will send out information on this, as it becomes available, to those who indicate an interest on their registration form.

THE 10TH ANNUAL ARDEN HOUSE CONFERENCE

The 10th Annual Arden House Conference, held March 21-23, 1986 was well attended and featured a diverse group of speakers and participants. The topic of the conference was "Mikhail Gorbachev: One Year After." Ambassador Arthur Hartman delivered the keynote address on Friday evening. Panels on Saturday addressed a wide variety of issues. Gorbachev, Is This The New Soviet Politics? featured Mark Beissinger, Marshall D. Shulman, and Adam B. Ulam. Gorbachev - Any Difference for Eastern Europe and China? examined relations between the USSR and its communist bloc allies, and included presentations by Charles Gati and Robert Legvold. The panel on economic issues, entitled Soviet Economic Reform: Has Gorbachev Made a Difference? included presentations by Richard Ericson, Abram Bergson and Marshall Goldman. The question of the utility of the transfer of technology was addressed by a panel, The Transfer of Technology: How Helpful Is It?, featuring Lutz Mann and Marshall Goldman. Saturday night's panel proved to be one of the most popular and gave participants the opportunity to speak at length with Senator Paul Sarbanes, Congressman Dante Fascell and Congressman Dave McCurdy. The two panels on Sunday morning addressed US-USSR relations in terms of treaty adherence and summit conferences. Treaty Viola-

tions-How Do We Define? Have There Been Any? How Do We Avoid? featured Mark B. Schneider, Marshall D. Shulman and Ambassador Warren Zimmermann. The Geneva Summit-What Happened and What Lies Ahead? closed the conference with presentations and discussion by Jack Matlock and Ambassador Arthur Hartman. Evaluations of the conference have been overwhelmingly positive and indicate that this year's effort well may be considered the best one to date. Mark your calendar now--next year's conference is scheduled for March 27-29, 1987.

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THE RUSSIAN RESEARCH CENTER takes no official stand on any economic or political trend. The views and analyses expressed in this Newsletter are those of the authors directly associated with the article, or unless otherwise stated, with those of the editors, Marshall I. Goldman and Catherine Reed.

RRC @ 1986

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CURRENCY FIGURES

Rubles Purchased Per 100	Jan 1986	Feb 1986	Mar 1986
Austrian shilling	4.36	4.44	4.54
U.K. pound	109.15	104.18	104.64
W. German mark	30.65	31.26	31.82
U.S. dollar	75.85	73.55	71.40
French franc	10.00	10.17	10.36
Japanese yen	.375	.401	.408
Italian lira	.0449	.0459	.0468
Swiss franc	36.40	37.71	37.99

As currency figures for the first three months of 1986 indicate, the U.S. dollar and U.K. pound continue to decline relative to the ruble. All other currencies included in our survey exhibit a continued gradual strengthening against the ruble.

U.S. DEPARTMENT OF STATE
RUSSIAN RESEARCH CENTER,
HARVARD UNIVERSITY

WILLIAM AND MARY GREVE FOUNDATION

NEGOTIATING WITH THE SOVIETS

Harvard Faculty Club
Cambridge MA 02138
May 5, 1986

9:45 a.m.

I. Adam Ulam, Director, Russian Research Center, Harvard University
"The Historical Background of US-USSR Negotiating Experience"

10:10 a.m. II. Private Sector Panel

Mr. James Giffin, President, US-USSR Trade and Economic Council
Mr. Ara Oztemel, Chairman of the Board, SATRA Corporation
Mr. Robert Schmidt, Earth Energy Systems
Mr. Charalambos Vlachoutsicos, Chairman of East/West Committee of the Hellenic Chapter of theInternational Chamber of Commerce, Paris

12:15 p.m. LUNCH

1:45 p.m. III. Government Sector Panel

Ambassador Walter Stoessel, Former Ambassador to the USSR and Under-Secretary of State
Mr. Helmut Sonnenfeldt, Guest Scholar, The Brookings Institute
Dr. Dimitri K. Simes, Fellow, Carnegie Endowment for International Peace

2:30 p.m. COFFEE

2:45 p.m. IV. Cultural and Social Panel

Mr. Allen Kassof, Director of the International Research and Exchange Board (IREX)
Professor Howard Raiffa, Professor of Business Administration, Harvard Business School and former Director, International Institute of Applied Systems Analysis (IIASA), Vienna
Professor C. C. Lamberg-Karlovsky, Curator of Middle East Archaeology, Professor of Anthropology, and Director of the Peabody Museum (currently involved in excavations in Soviet Central Asia)

4:45 p.m. ADJOURN

U.S. DEPARTMENT OF STATE
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WILLIAM AND MARY GREVE FOUNDATION

NEGOTIATING WITH THE SOVIETS

Monday, May 5, 1986
Harvard Faculty Club
20 Quincy Street, Cambridge MA 02138

Please enroll me as a participant

NAME _____
Last First Middle

TITLE _____

AFFILIATION _____

ADDRESS _____
Street City State Zip code

Telephone _____

HOTEL RESERVATIONS: I will/will not need hotel reservations for the following dates: ( ) May 4(Sunday night) ( ) May 5 (Monday night) Rates vary from $65 to $92 per night. We will reserve you a room at the lowest rate still available. If, for some reason, you are unable to come, you must cancell your room reservation 24 hours in advance, or you will have to pay for the room.

ADMISSION: $150.00 (one hundred fifty dollars) per participant
PLEASE MAKE CHECKS PAYABLE TO HARVARD UNIVERSITY
Fee covers all meals and beverages

*Harvard affiliates can attend the conference (without lunch) for free.

Please return form and check to:

Catherine Reed, Russian Research Center, Harvard, 1737 Cambridge Street, Cambridge MA 02138 ((617) 495-4037)

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The RRC is currently in the process of organizing a supplementary program for the evening of May 5 (6:30 - 9:30 p.m.) featuring a guest speaker from the Soviet Union, who will speak on the topic of negotiating with the West. There will be a registration fee of $50. If you are interested in attending, please indicate so below.

( ) Please send me more information on the evening program.